

## Microeconomics I

Course title – Intitulé du cours	Microeconomics I
Level / Semester – Niveau /semestre	S1
School – Composante	Ecole d'Economie de Toulouse, M2 ETE
Teacher – Enseignant responsable	Renato Gomes
Other teacher(s) – Autre(s) enseignant(s)	François Salanié
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Lecture Hours – Volume Horaire CM	36
TA Hours – Volume horaire TD	15
TP Hours – Volume horaire TP	
Course Language – Langue du cours	English
TA and/or TP Language – Langue des TD et/ou TP	English

### Teaching staff contacts:

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### Course Objectives:

The class focuses on General Equilibrium Theory: consumer, producer, optima, equilibria, welfare theorems, and finally risk.

We expect students to learn definitions, make some formal proofs, enjoy the generality of results.

### Prerequisites:

A bit of elementary mathematics: analysis, derivatives and integrals, simple maximization programs, convexity and concavity, ...

### **Practical information about the sessions:**

Read the relevant parts in MWG before each class. Be on time, be enthusiastic, participate.

### **Grading system :**

One midterm (50%), one final exam (50%).

### **Bibliography/references :**

Required Book: "Microeconomic Theory", by Andreu Mas-Colell, Michael Whinston and Jerry Green (MWG).

Further Reading:

- "Microeconomic Foundations I", by David Kreps (K);
- "Advanced Microeconomic Theory", by Geoffrey Jehle and Philip Reny (JR)
- "Lecture Notes in Microeconomic Theory", by Ariel Rubinstein (R).

### **Session planning :**

#### 1. Consumer Theory (Renato Gomes)

1. (a) Preferences and Utility Representation: MWG chapter 3 and some material from K chapters 1 and 2
2. (b) Consumer Demand: Utility Maximization and Expenditure Mini- mization: MWG chapters 2 and 3
3. (c) Duality and the Slutsky Equation: MWG chapter 3
4. (d) Aggregation of Demand: MWG chapter 4

#### 2. Producer Theory (Renato Gomes)

5. (a) Firm Supply: Profit Maximization and Cost Minimization: MWG chapter 5 and some material from JR chapter 3
6. (b) Duality in Production: MWG chapter 5 and some material from JR chapter 3
7. (c) Aggregation of Supply: MWG chapter 5

3. A Behavioral Digression (Renato Gomes): Consumer Choice with Bounded Rationality: Gabaix, X., 2014. "A Sparsity-Based Model of Bounded Rationality." Quarterly Journal of Economics, 129(4), 1661-1710.

#### 4. General Equilibrium (François Salanié)

(a) Exchange and One-Producer-One-Consumer Economies (MWG Ch.10, Ch. 15)

(b) Pareto Optimality and the Welfare Theorems (MWG Ch. 16)

(c) General Equilibrium under Uncertainty (MWG Ch. 19)

5. Uncertainty (François Salanié, MWG Ch. 6)

(a) Expected Utility Representation

(b) Risk-Aversion

(c) Risk Dominance

**Distance learning:**

More information later.